

California Department of Education

**Report to the Chairperson of the Joint Legislative Budget Committee
and
Director of the Department of Finance:**

**Description of Cases with Errors from Federal Sample as Required by the
2010 Budget Act Item 6110-001-0890, Provision 6(c)**



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Description: Description of Cases with Errors from Federal Sample Report

Authority: 2010 Budget Act Item 6110-001-0890, Provision 6(c)

Recipient: Chairperson of the Joint Legislative Budget Committee and Director of the Department of Finance

Due Date: April 15, 2011

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Table of Contents

Executive Summary	1
Description of Cases with Errors from Federal Samples	2–10

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Report to the Chairperson of the Joint Legislative Budget Committee and Director of the Department of Finance:

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Executive Summary

This report is submitted to comply with the directions in Provision 6(c) of Item 6110-001-0890 of the Budget Act of 2010 (Senate Bill 870, Chapter 712, Statutes of 2010). Provision 6(c) requires the California Department of Education (CDE) to submit a report to the Chairperson of the Joint Legislative Budget Committee and the Director of Finance describing each case found to contain an error in the federal report submitted earlier this year. As directed by the provisional language, this report describes:

1. The circumstances or lack of documentation that led to the error;
2. The documentation that should have been in the file or the steps that should have been taken by the local agency to avoid the error;
3. The program rule that was not adhered to; and
4. A description of whether the error was an over or under-payment, and the amount.

The federal report was submitted in April 2011 to the Child Care Office of the Administration for Children and Families. The report estimates CDE's error rate at 5.7 percent. In this report each case with an error is identified in order in the federal sample of 276 cases. There are thirty cases described in this report. The most common error, found in sixteen cases, involves the miscalculation of the family's fee. These errors appear to be randomly divided between over-payments and under-payments. While the value of each family fee error is relatively small, the frequency of this error accounts for a significant portion of the administrative inaccuracy in California's system.

In evaluating this error, we note that California's system for calculating family fees is more complicated than systems used by other states. California bases the monthly fee on each family's income **and** the amount of services used by the child. Therefore, for a family's whose days of service change, a new fee calculation must occur every month.

The second most frequent error was not recertifying the family on time (3 files) and not updating the file with new documentation when the parents' circumstances change (5 files). In these files, there was sufficient documentation to establish that the family was **initially** eligible for services; however, there was insufficient attention to documenting the family's **continuing** eligibility. In these files, when each family's information was belatedly updated, the family was found eligible.

Of the remaining files, three contained insufficient documentation of the relationship between the child and the parent; three contained insufficient documentation to establish initial eligibility or need; and one was a provider payment error. You can find this report on the CDE Web page at <http://www.cde.ca.gov/sp/cd/re/documents/lrlegrpt2011ipia2.pdf>.

If you have any questions regarding this report, please contact Greg Hudson, Administrator, Southern Field Services Office, by phone at 916-323-1300 or by e-mail at ghudson@cde.ca.gov.

Description of Cases with Errors from Federal Sample

Case #8 Insufficient Documentation of Vocational Training

The reviewer determined that the vocational training documentation within the family data file did not meet all regulatory criteria. In this case, the vocational training form did not have the signature of the registrar or stamp of the training institution, nor did the file contain an electronic print-out of the student's registration. In addition, the form did not have the anticipated completion date of the training activities. Due to insufficient documentation in the file, need for care could not be determined and no authorization should have been permitted. It was determined that this case had an over-authorization equaling the total amount authorized of \$132.00. For this case, the local agency should have requested and obtained the required documentation listed above before authorizing care.

Case #13 Family Fee Miscalculation

The reviewer determined that the family fee was assessed incorrectly during the month under review, October 2009. In this case, the local agency miscalculated the family's income by using four weekly pay stubs which were not consecutive. The reviewer determined that the local agency should have used the three consecutive weekly pay stubs to obtain a total monthly income of \$2,596.53, which differed from the local agency's calculation of \$2,720.16. This income difference caused this family to move to a different family fee category and created a family fee error. The family fee assessed by the local agency was \$169.40 monthly; the reviewer determined the family fee should have been \$151.80. This case contained an under-authorization of \$17.60 (local agency authorized \$161.96 for child care; the reviewer authorized \$179.56).

Case #14 Family Fee Miscalculation

The reviewer determined that the family fee was assessed incorrectly during the month under review, October 2009. In this case, the reviewer was unable to determine how the agency obtained a calculated income of \$2,352.95 because the file did not contain an Income Calculation Worksheet. The reviewer determined that the local agency should have used the three consecutive months of semi-monthly pay stubs to calculate a total monthly income of \$2,640.00. This income difference caused the family to move to a different family fee category and created a family fee error. The family fee assessed by the local agency was \$66.00; the reviewer determined the fee should have been \$99.00. This file contained an over-authorization of \$33.00 (local agency authorized \$224.14 for child care; the reviewer authorized \$191.14).

Case #23 Family Fee Miscalculation

The reviewer determined that the family fee was assessed incorrectly during the month under review, October 2009. In this case, the local agency miscalculated the family's income by treating the pay stubs as semi-monthly when the pay stubs were bi-weekly. The reviewer determined that the local agency should have determined a monthly income of \$2,565.16, instead of \$2,367.84. This difference in income caused the family to move to a different family

fee category and created an error. The family fee assessed by the local agency was \$48.80; the reviewer determined the fee should have been \$68.00. This file contained an over-authorization of \$19.20 (local agency authorized \$195.20 for child care; the reviewer authorized \$176.00).

Case #33**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, November 2009. In this case, the local agency miscalculated the family's income based on data entry errors in the pay amount. The reviewer determined that the local agency entered a pay stub amount of \$1,114.72, when the pay stub was actually for \$1,014.72. The reviewer used the correct amount of \$1,014.72, and other information to calculate monthly income of \$2,462.58, which differed from the local agency's calculation of \$2,570.89. This difference in income caused the family to move to a different family fee category. The family fee assessed by the local agency was \$144.50; the reviewer determined a fee of \$117.30. This file contained an under-authorization of \$27.20 (local agency authorized \$335.78 for child care; the reviewer authorized \$362.98).

Case #37**Failure to Recertify Annually**

The reviewer determined that the family's documented eligibility for services ended during the month under review, November 2009. All families are required to be recertified for eligibility and need at intervals not to exceed twelve months. In this particular case, the family was certified for services on the 21st day of November, 2008, and should have been certified before the 21st day of November, 2009. Because the family was not recertified for eligibility and need until December 16, 2009, the family was ineligible for services during the time period of 11/22/09 through 12/15/09. The reviewer found that the family utilized care for 4 days in November after the families eligibility expired. The local agency calculated 18 days of service at the \$34.38 daily rate to obtain an authorization of \$618.84. The local agency should have only used the first 14 days of service. The reviewer calculated an over-authorization of \$137.52 (4 days at the \$34.38 rate).

Case #38**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, November 2009. In this case, the local agency miscalculated the family's income by determining that the family did not receive any monthly income. The reviewer determined that the local agency should have used the employment verification in the file which stated the hours the parent worked per week and the parent's rate of pay. Knowing that the parent worked up to 40 hours a week at a rate of \$16 per hour, the reviewer calculated the total monthly income as \$2,773.33. This difference in income caused this family to move to a different family fee category and created an error. The reviewer determined the family should have been assessed a fee of \$109.00 for the 18 days of enrollment during the test month. This file contained an over-authorization of \$109.00 (local agency authorized \$399.00 for child care; the reviewer authorized \$290.00).

Case #40**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, November 2009. In this case, the reviewer was unable to determine how the agency obtained a calculated income of \$2,442.62 because the file did not contain an Income Calculation Worksheet. The reviewer determined that the local agency should have used the two bi-weekly pay stubs each with gross amounts of \$750.00 plus the \$454.00 for child support to obtain a total monthly income of \$2,079.00. Due to the difference in income, the reviewer determined no family fee should have been assessed. The family fee assessed by the local agency was \$63.00. This file contained an under-authorization of \$63.00 (local agency authorized \$583.29 for child care; the reviewer authorized \$646.29).

Case #65**Failure to Update File When Circumstances Change**

The reviewer determined that the documentation establishing the family's eligibility for services was not re-established, as required, for the month under review, January 2010. In this case, , the family was certified for care on the 6th day of May, 2009, with the biological father as a single parent. On November 17, 2009, the father was deported to Mexico; however, the child continued care in the custody of his mother. Regulations require that each family file contain documentation (evidence) of the adults and children in the family. The mother was not listed in the household on the Application for Services, nor was there any other documentation within the family data file that had the mother's name on it. Due to insufficient documentation regarding the custodial parent after the father was deported, the reviewer determined that eligibility for the family was not established after 11/17/09. It was determined that this case had an over-authorization equaling the total authorized amount of \$309.42. For this case, the local agency should have certified the mother for services based on her own Application for Services when the family's circumstances changed.

Case #66**Insufficient Documentation of Self-employment**

The reviewer determined that there was insufficient documentation of eligibility and need for the month of January, 2010. This was a two parent family where both parents reported self-employment selling nutritional supplements. Regulations require that self-declarations are acceptable means of documenting income only when all other reasonable means of documenting income are unavailable, or when contacting employers or clients would jeopardize the parent's employment. In this case, , the local agency allowed the parents to self-certify income without ascertaining whether other documentation (receipts, purchase orders, deposits to bank accounts, business license, etc.) was available. The local agency also approved the hours the parents requested for care based on the parents' self-declaration, without a reasonable basis to document the need of the parents for services. It was determined that this case had an over-authorization equaling the total authorized amount of \$534.61.

Case #81**Failure to Update File When Circumstances Change**

The reviewer determined that the family's need for services expired prior to the month under review, January 2010. In this case, , the Application for Services indicated that the need for

service was employment. However, based on the documentation in the file the parent stopped working on the 19th day of November, 2009. The agency did not update the case for a different type of need. Due to insufficient documentation in the file, need for care could not be determined and no authorization should have been permitted. It was determined that this case had an over-authorization of the total authorized amount of \$653.22. In this case, , the local agency should have followed up with the parent to determine if there was some other form of need before continuing services.

Case #99	Failure to Update File When Circumstances Change
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The reviewer determined that the family's need for services expired prior to the month under review, February 2010. In this particular file the reviewer found that the second parent's need for services, seeking employment, ended on the 26th day of October, 2009. If the basis of need as stated on the application for services is seeking employment, the parent's period of eligibility for child care and development services is limited to 60 working days during the contract period. Due to insufficient documentation in the file, need for care could not be determined for the second parent and no authorization should have been permitted. It was determined that this case had an over-authorization equaling the total amount authorized of \$653.22. In this case, the local agency should have followed up with the parent to determine if there was some other form of need before continuing services.

Case #126	Failure to Recertify Annually
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The reviewer determined that the family's eligibility for services was not re-established annually as required by regulations prior to the month under review, March 2010. All families are required to be recertified for eligibility and need at intervals not to exceed twelve months. In this case, , the family was certified for services on January 13, 2009, and should have been re-certified by January 13, 2010. There was no evidence in the file that the parent had been re-certified. Therefore, this case contained an over-authorization of the total amount authorized, \$687.60.

Case #139	Failure to Recertify Annually
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The reviewer determined that the family's eligibility for services expired and the family was not re-certified prior to the month under review, April 2010. All families must be recertified for eligibility and need at intervals not to exceed twelve months. In this case, , the family was certified for services on February 3, 2009, and notes within the family file indicated that the local agency was aware that the February 3, 2010, recertification date had been missed. Recertification wasn't completed until May 21, 2010. Therefore, eligibility for this family was not established during the review month of April 2010. The reviewer found an over-authorization equaling the total amount authorized, \$756.36, for the month.

Case #147	Failure to Document Relationship of Child and Parent
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The reviewer determined that eligibility for the child being reviewed was not established for the month under review, April 2010. Parents are required to provide supporting documentation

establishing the number of children and parents in the family. The number of children is documented by providing at least one of the following: birth certificates, court orders regarding child custody, adoption documents, records of foster care placements, school or medical records, county welfare department records, or other reliable documentation indicating the relationship of the child to the parent. In this case, the local agency failed to obtain documentation to show the relationship between the child being reviewed and the parent. Eligibility was not established for the child and no authorization should have been permitted. This case contained an over-authorization equaling the total amount authorized, \$386.78.

Case #150	Failure to Document Relationship of Child and Parent
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The reviewer determined that eligibility for the child being reviewed was not established for the month under review, April 2010. Parents are required to provide supporting documentation regarding the number of children and parents in the family. The number of children is documented by providing at least one of the following: birth certificates, court orders regarding child custody, adoption documents, records of foster care placements, school or medical records, county welfare department records, or other reliable documentation indicating the relationship of the child to the parent. In this case, the local agency failed to obtain documentation to show the relationship between the child being reviewed and the parent. Eligibility was not established for this child and no authorization should have been permitted. This case contained an over-authorization equaling the total amount authorized, \$832.00.

Case #169	Family Fee Miscalculation
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The reviewer determined that the family fee was assessed incorrectly during the month under review, May 2010. In this case, , the reviewer was unable to determine how the agency determined family income of \$2,677.11 because there was no Income Calculation Worksheet in the file. The reviewer determined that the local agency should have used the two consecutive bi-weekly pay stubs to obtain a total monthly income of \$2,611.61. This difference in income caused this family to move to a different family fee category and created an error. The family fee assessed by the local agency was \$176.70; the reviewer determined a family fee should have been \$161.50. This file contained an under-authorization of \$15.20 (local agency authorized amount \$476.53 for child care; reviewer authorized \$491.72).

Case #173	Insufficient Documentation of Family Eligibility
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The reviewer determined that there was insufficient documentation of the family's eligibility and need during the month under review, May 2010. This was a two parent family. The first parent provided an Employer Verification that included income and a work schedule; however, this parent also filled out the second parent's Employer Verification form. The second parent's Employer Verification only included the work schedule; no income documentation was included on the form. Documentation of income from employment is necessary to determine income eligibility (e.g., employment verification, pay stubs). In addition, a self-declaration of need, without supporting documentation, is insufficient. Due to insufficient documentation, the family's income and need could not be determined by the reviewer; therefore, neither eligibility nor need could be established for this family. No authorization should have been permitted. This case contained an over-authorization equaling the total amount authorized, \$446.94.

Case #200**Provider Payment Error**

The reviewer determined that the local agency over-authorized to multiple providers. In this case, , the local agency calculated an authorization amount of \$1259.42 for three providers for the month under review. This was calculated by maximizing monthly authorization amounts for each of the three providers that the parent used. The first provider, Mariposa Preschool, requested a rate of \$100.00 for the entire month; the local agency authorized \$633.09. The second provider, Carey's Day Care Center, requested a rate of \$25.00 per day for the authorized period of two days per week. The local agency should determine a total authorized amount by multiplying \$25.00 per day by 2 days, equaling \$50.00 per week, then multiplying that by 4.33 weeks, for a total authorization of \$216.50 for a month. But the agency's authorized amount for Carey's Day Care was \$402.64. The third provider was authorized correctly by multiplying \$2.87 per hour, times 18 hours per week, multiplied by 4.33 weeks per month for a total monthly amount of \$233.69. Collectively the reviewers determined total authorization to all three providers should have been \$540.19 for the month. Due to the local agency's error, there was an over-authorization of \$719.23.

Case #207**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, June 2010. In this case, , the reviewer was unable to determine how the agency calculated monthly income of \$2,140.57 because there was no Income Calculation Worksheet in the file. The reviewer determined the total monthly income to be \$1,994.67 based on documentation present in the family data file. This difference in income caused the family to move to a different family fee category and created an error. The family fee assessed by the local agency was \$66.00; the reviewer determined it should have been \$44.00. This file contained an under-authorization of \$22.00 (local agency authorized amount \$827.26 for child care; the reviewer authorized \$849.26).

Case #209**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, June 2010. In this case, the local agency miscalculated the family's income of \$1,875.12 because they treated the parents biweekly pay stubs as semi-monthly income. The reviewer determined the total monthly income to be \$2,031.38 based on documentation present in the file. This difference in income caused the family to move to a different family fee category and created an error. The family fee assessed by the local agency was \$44.00; the reviewer determined it should have been \$66.00. This file contained an over-authorization of \$22.00 (local agency authorized \$890.95 for child care; the reviewer authorized \$868.95).

Case #211**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, July 2010. In this case, the reviewer was unable to determine how the agency determined an income of \$2,446.15 because there was no Income Calculation Worksheet in the file. The reviewer determined the total monthly income to be \$3,117.43 based on documentation

present in the file. This difference in income caused this family to move to a different family fee category and created an error. The family fee assessed by the local agency was \$111.30; the reviewer determined the fee should have been \$122.85. This file contained an over-authorization of \$11.55 (local agency authorized \$285.80 for child care; reviewer authorized \$274.25).

Case #237**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, August 2010. In this case, , the local agency miscalculated the family's income by continuing to use unemployment benefits that ended July 10, 2010, when new employment began on August 2, 2010. The agency determined income as \$1,473.33. The reviewer determined that the local agency should have used the available Employment Verification with the work hours and pay rate to obtain a total monthly income of \$2,312.74. This difference in income caused this family to move to a different family fee category and created an error. The agency assessed a family fee of zero, while the reviewer determined the fee should have been \$111.30. This file contained an over-authorization of \$111.30 (local agency authorized \$1,128.00 for child care; the reviewer authorized \$1,016.70).

Case #244 Failure to Update File When Circumstances Change and Family Fee Miscalculation

The reviewer determined that the local agency over authorized the need for the family for the review month, August 2010. Initially, the first parent worked Monday through Friday, from 8:00 a.m. to 5:00 p.m., and the second parent was working Monday through Friday, 9:00 to 11:00 a.m. In addition, the second parent was going to school Monday through Saturday, 1:00 to 5:00 p.m. On June 10, 2010, the second parent stopped attending school; and needed child care only Monday through Friday, from 8:00 a.m. to noon, corresponding to the work schedule and travel time. Additionally, the local agency miscalculated the family income by not dividing the total of the two monthly paystubs submitted by the second parent by two. Instead, the agency added the total of the two together for a total income for the family \$4,168.25. The reviewer determined the income to be \$3,880.25. The difference in income caused this family to move into a different family fee category and created an error. The family fee assessed by the local agency was \$153.00 (for full-time care); the reviewer determined the fee should have been \$62.10 (for part-time care). The over-authorization of need was offset by the under-authorization in family fees, resulting in a net over-authorization of \$37.58 (local agency authorized \$514.08 for child care; reviewer authorized \$476.50).

Case #247**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, August 2010. In this case, , the local agency miscalculated the family's income and did not accurately include the monthly allowance for child support. The agency determined a monthly family income of \$2,483.15. The reviewer determined a total monthly income of \$3,002.03. This difference in income caused the family to move to a different family fee category and created an error. The family fee assessed by the local agency was \$111.30; the reviewer

determined \$228.90. This file contained an over-authorization of \$117.60 (local agency authorized \$610.68 for child care; the reviewer authorized \$493.08).

Case #254**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, September 2010. In this case, , the local agency calculated the income correctly; however the local agency's new computer database did not use the new income for the fee determination. The computer program calculated the fee based on the family's prior income of \$3,500, instead of the new income of \$3,000. This difference in income caused the fee to be assessed in the wrong fee category and created an error. The family fee determined by the local agency was \$100.10; the reviewer determined the fee should have been \$52.00. Therefore, this case contained an under-authorization of \$48.10 (local agency authorized \$346.84 for child care; the reviewer authorized \$394.94).

Case #259**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, September 2010. In this case, , the local agency miscalculated the family's income at \$2,467.30, because they treated the parent's semi-monthly pay stub as bi-weekly. The reviewer determined that the correct monthly income was \$2,277.51. This difference in income caused the family to move to a different family fee category and created an error. The family fee assessed by the local agency was \$151.80; the reviewer determined the fee should have been \$116.60. This case contained an under-authorization of \$35.20 (local agency authorized \$570.18 for child care; the reviewer authorized \$605.38).

Case #264**Family Fee Miscalculation**

The reviewer determined that the family fee was assessed incorrectly during the month under review, September 2010. In this case, the local agency miscalculated the family's income. The local agency determined that the first parent received zero monthly income, and the second parent's income was \$1,718.04. The reviewer determined that the local agency should have used the first parent's Employment Verification, which stated the hours the parent worked per week and the rate the parent was paid. Knowing that the first parent worked up to 40 hours a week at a rate of \$13.00 per hour, the reviewer calculated the total monthly income for the first parent as \$2,253.33, and the second parent as \$1,718.04, for a total family income of \$3,971.37. This difference in income caused this family to move to different family fee category and created an error. The local agency assessed a family fee of zero dollars. The reviewer determined the fee should have been \$71.04. This case contained an over-authorization of \$71.04 (local agency authorized amount \$148.90 for child care; the reviewer authorized \$77.86).

Case #267 Failure to Document Relationship of Child and Parent
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The reviewer determined that there was insufficient documentation to establish the eligibility of the child during the month under review, September 2010. Parents are required to provide documentation supporting the number of children and parents in the family. The number of children is documented by providing at least one of the following: birth certificates, court orders regarding child custody, adoption documents, records of foster care placements, school or medical records, county welfare department records, or other reliable documentation indicating the relationship of the child to the parent. In this case, , the agency failed to obtain sufficient documentation to show the relationship between the child being reviewed and the parent. Due to insufficient documentation to determine the presence of the child in the family, eligibility could not be determined and no authorization should have been permitted. It was determined that this case had an over-authorization of the total authorized amount of \$1,010.77.

Case #274 Failure to Update File When Circumstances Change
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The reviewer determined that sufficient documentation of the family's need for services was not present during the month under review, September 2010. In this case, the family was certified for care in January 2010 with a need of vocational training for the spring semester 2010. The file did not have any documentation for the fall semester of 2010, which included the review month. Without documentation to support the parent's continuing need for services, such as verification of the parent's registration for classes, class schedules, etc., no authorization should have been permitted. This case contained an over-authorization of the total authorized amount of \$550.